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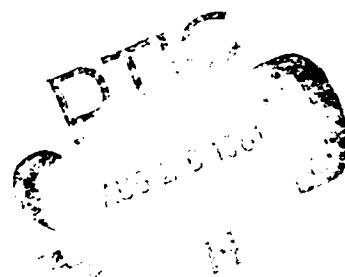
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Guy J. Pauker



January 1981

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## ASEAN TRENDS AND PROBLEMS IN THE 1980S

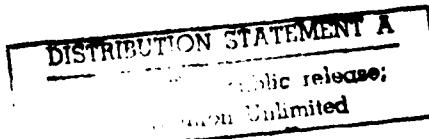
Guy J. Pauker

Paper for the Conference on Political, Economic,  
and Security Trends and Problems in East Asia

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## ASEAN TRENDS AND PROBLEMS IN THE 1980s \*

Guy J. Pauker  
The Rand Corporation, Santa Monica, California

If ASEAN did not exist it would have to be invented. A peaceful global order requires regional groupings which can resist hegemonic aspirations. Southeast Asia is a particularly tempting target because of its strategic location, its natural and human resources, and its economic prospects.

It took the five governments which established the Association of Southeast Asian nations in the summer of 1967 a long time to get to know each other and to overcome mutual suspicions and hostilities. Their historical experiences varied greatly.

Thailand had been able to maintain her independence throughout the age of Western imperialism by skillful diplomacy and judicious use of foreign advisers by her able autocratic monarchs. Even during World War II, when the rest of Southeast Asia was under Japanese military occupation, harsher than the preceding Western colonial administrations, Thailand managed to remain an independent ally of Japan, nominally at war with the Western powers, protected by its national government from most of the hardships suffered by her neighbors.

Indonesia had been a congeries of many traditional political entities, ranging from complex bureaucratic states to tribal chieftains, before it was unified slowly and painfully by Dutch conquest over a period of three centuries. The Western concept of nationalism provided the vast archipelago with a unifying principle in the early years of the twentieth century and World War II created circumstances favorable to the achievement of independence on December 27, 1949, after four years of destructive guerrilla warfare against Dutch colonial forces.

The Philippines became a sovereign state under markedly different circumstances. The islands had been brought rapidly under Spanish control after Magellan first reached Cebu in 1521. Fifty years later, in 1571, Manila was founded, as the oldest permanent Western community in the Far East. When the United States annexed the Philippines by the Treaty of

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Paris of December 1899, it took from Spain a Catholic nation with a rebellious Moslem minority in the South and an elite which was culturally more Latin American than Asian. Independence, promised by the United States before the outbreak of World War II, came without a struggle on July 4, 1946, after four years of harsh Japanese occupation, resisted jointly by Filipino and American comrades-in-arms.

The colonial experience of Malaysia and Singapore was shorter. Although the Portuguese had captured Malacca as early as 1511, extensive Western rule commenced when the British East India Company acquired Penang in 1786 and seized Malacca from the Dutch a few years later. Then Raffles founded Singapore in 1819 and the British governed these Straits settlements without interfering seriously in the affairs of the Moslem sultans and rajahs ruling the Malay states. The formal transfer of power to an independent Federation of Malaya came on August 31, 1957, after considerable political negotiations under British auspices, aimed at reconciling the conflicting interests of Malays, Chinese, and Indians. On September 16, 1963, Sarawak and Sabah, two British colonies on the island of Borneo, joined the eleven Malay states on the Peninsula and Singapore to become the expanded Federation of Malaysia. Then, on August 9, 1965, Singapore separated from the Federation and became an independent state.

Despite a common Southeast Asian cultural heritage underlying the various external influences that had shaped the five countries which formed ASEAN, the education of their elites, business ties, media links, transportation networks, and recent memories had created closer relations with their former colonial rulers than with each other.

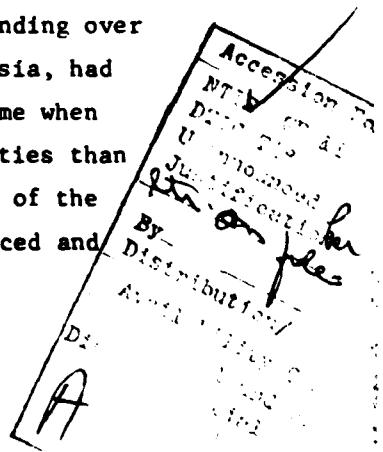
Furthermore, historical grudges, divergent foreign policies, and active conflicts created barriers against regional cooperation. Indonesia harassed Malaysia and Singapore for several years with a policy of "confrontation" backed by modern weapons acquired from the Soviet Union. The Philippines pressed a legally spurious claim against Malaysia for sovereign control of the territory of Sabah. Singapore and Malaysia had

split after a few years of uneasy partnership. Established frontiers between Thailand and Malaysia could be easily challenged on historical, ethnic, and religious grounds.

Although all five states had experienced Communist insurgencies and subversion as serious threats to their national existence, their inclination to formulate and implement jointly defensive countermeasures was dampened not only by the conflicts among themselves but also by their divergent outlook on the pursuit of foreign policy in the setting of the Cold War. Indonesia had made an early commitment to nonalignment which seemed to reflect strongly held views among the educated elites. Thailand and the Philippines had accepted the security umbrella provided by the United States bilaterally and through the SEATO arrangements, while Malaysia and Singapore relied on defense arrangements in the setting of the British Commonwealth of Nations.

The adoption of the Declaration of the Association of Southeast Asian Nations in Bangkok on August 8, 1967 was a brilliant collective move to terminate past conflicts and initiate an era of regional cooperation between Indonesia, Malaysia, the Philippines, Singapore, and Thailand. From then on all five governments made sustained efforts to strengthen relations among their countries and to get their peoples to know each other. But for almost eight years ASEAN's activities were limited in practice to consultations among foreign ministers and some instances of functional cooperation. The catalyst that activated ASEAN as a regional organization was the April 1975 military victory, followed by rapid political entrenchment, of Communist forces in all of Vietnam, Laos, and Cambodia.

From an ASEAN perspective, those dramatic events signified that the United States, after sacrificing 55,000 American lives and spending over \$150 billion to contain the spread of Communism in Southeast Asia, had lost the will to resist and was abandoning the region, at a time when Vietnam was emerging as a military power with greater capabilities than the combined resources of her ASEAN neighbors. The complexity of the issues raised by this new regional situation was further enhanced and



aggravated by the intensification of the Sino-Soviet rivalry in the region, which had visibly grown since the border clashes between these two major powers in the summer of 1969.

After considerable diplomatic preparations, the Presidents of Indonesia and the Philippines and the Prime Ministers of Malaysia, Singapore, and Thailand held the first ASEAN Summit meeting on February 23-24, 1976 in Den Pasar, Bali, signed a Declaration of ASEAN Concord and adopted a Treaty of Amity and Cooperation in Southeast Asia, which marked the beginning of a new, active, phase of regional cooperation.

In response to the upheaval that had occurred in Indochina, the Declaration of ASEAN Concord emphasized "the pursuit of political stability" as "an essential contribution to international peace and security" and signified resolve "to eliminate threats posed by subversion."

The Treaty of Amity and Cooperation in Southeast Asia committed its five signatories to "not in any manner or form participate in any activity which shall constitute a threat to the political and economic stability, sovereignty, or territorial integrity of another" and--an obvious invitation to Vietnam--stipulated that the Treaty "shall be open for accession by other states in Southeast Asia."

The Joint Press Communiqué, issued on February 24, 1976, went further and "expressed the hope that other powers would pursue policies which would contribute to the achievement of peace, stability, and progress in Southeast Asia," a clear appeal to the United States, the Soviet Union, the People's Republic of China, and other external powers, to curtail their geopolitical and strategic competition within the region.

While emphasizing "continuation of cooperation on a non-ASEAN basis between the member states in security matters," so as to make it explicit that ASEAN was not being transformed into a military alliance, the Bali summit meeting initiated extensive economic cooperation. The many new departures included food and energy aid under critical circumstances, the establishment of large-scale ASEAN industrial plants, and the adoption, as a long-term objective, of preferential trading arrangements.

In the intervening five years much has happened in Southeast Asia to enhance the value of ASEAN as a contributing factor to regional order and stability. The fears which had been generated first by the proclamation of the Nixon Doctrine, then by the American military withdrawal from Indochina, and finally by the emergence of Vietnam as a victorious regional power were confirmed when Kampuchea was invaded by Vietnamese forces on December 25, 1978. The installation in Phnom Penh on January 7, 1979, of the puppet Heng Samrin regime and the continued occupation of Kampuchea by some 200,000 Vietnamese troops, which receive massive logistic support from the Soviet Union, became clear demonstrations of the disturbing changes in power relations which have occurred in the region.

ASEAN took the lead in mobilizing international public opinion against the threat to regional stability resulting from the Soviet-supported Vietnamese aggression. Despite universal revulsion against the past atrocities of the Khmer Rouge, the General Assembly of the United Nations decided, on September 21, 1979, to deny recognition to the Heng Samrin regime and to condemn, by implication, the Vietnamese military occupation of Kampuchea. On a motion promoted by ASEAN, U.N. members voted 71 against 35, with 34 abstentions, in favor of letting the Pol Pot government retain the Kampuchean seat in the General Assembly. That decision was confirmed one year later, on October 13, 1980, when the General Assembly again voted--74 against 35, with 32 abstentions--to seat the Khmer Rouge government.

This was a remarkable success for the diplomacy of the five ASEAN governments, which were able to counter Soviet influence in the Third World, and for their political capacity to overcome among themselves some divergent national threat perceptions and close ranks in order to sustain the higher common goal of preserving regional order and stability in Southeast Asia.

Political solidarity is particularly valuable to the ASEAN governments as a means to reduce their vulnerability to external pressures, as their military capabilities are vastly inferior to those of Vietnam. According to the latest figures published by the International Institute for Strategic Studies, Vietnam currently has an army of 1,000,000, whereas the combined armies of the five ASEAN countries total 495,000, of which half are dispersed through the two archipelagoes of Indonesia and the Philippines so that only half are stationed on the mainland of Southeast Asia. Vietnam is also vastly superior in tanks and artillery. While ASEAN combined naval forces exceed those of Vietnam, these have relatively little usefulness for the protection of the most exposed ASEAN state, Thailand, and could not prevent sustained Soviet efforts to supply the Vietnamese forces. The Vietnamese Air Force, with 485 combat aircraft, may have equipment inferior to the 457 combat aircraft of the five ASEAN countries, but it has superior battle experience.

Understandably, while giving Thailand full political support when Vietnamese forces briefly invaded her territory along the Cambodian border on June 23, 1980, ASEAN had to make it clear that no collective military action was envisaged. At present such ASEAN pledges of "firm support and solidarity" cannot be implemented militarily. As Thailand cannot count on effective military help either from her ASEAN partners or from the United States--constrained by the Nixon Doctrine, the War Powers Act and perhaps still by the post-Vietnam syndrome--her most effective military deterrent against Vietnamese aggression is China's pledge to teach Vietnam a "second lesson" if Thailand becomes the victim of large-scale invasion.

Unfortunately, the great contribution China could make to the stability of Southeast Asia is weakened by certain ambiguities in her policies toward the region, particularly her relations with the illegal Communist parties of the ASEAN countries, her attitude toward Overseas Chinese and her offshore territorial claims in the South China Sea.

The governments of all five ASEAN countries have experienced Communist armed insurrection and political subversion on numerous occasions

since the end of World War II. Substantial resources have been diverted over the years from economic development to security operations, to combat those disruptive Communist activities. Neither governments nor public opinion in ASEAN countries gain comfort from or accept as valid the distinction between government-to-government and party-to-party relations, knowing that the Chinese Communist Party is the ultimate source of political authority in the People's Republic of China.

Consequently, the efforts of the Chinese Government to establish relations of trust with ASEAN governments are hampered by the latter's persistent concern about their internal security, despite the Chinese leaders' argument that revolution cannot be exported. ASEAN governments may be oversensitive to purely verbal propaganda, but it does not help China's position in Southeast Asia when, for instance, the "Voice of the Malayan Revolution," using transmitters located in Yunnan, broadcast around April 30, 1980, lengthy congratulatory messages from the clandestine Communist parties of Burma, Indonesia, the Philippines, and Thailand on the occasion of the 50th anniversary of the Communist Party of Malaya. All of these statements pledged allegiance to "Mao Zedong Thought" and promised to overthrow the governments of their respective countries by armed struggle. It is assumed that these inflammatory proclamations could not have been broadcast without the acquiescence of Chinese authorities and they elicit great concern in ASEAN capitals.

The "Voice of the Malayan Revolution" also broadcast on May 23, 1980, on the occasion of the 60th anniversary of the Communist Party of Indonesia, a lengthy statement signed by Yusuf Ajitorop, an Indonesian Politburo member who has lived in China since 1965. He attacked vehemently the Suharto government, pledged to overthrow it by armed struggle, and warned that "it would be a grave mistake and dangerous to regard Vietnam, which has ambitions of regional hegemonism, supported by the Soviet Union, as a buffer zone against the so-called Chinese 'Threat from the North,'"

Such propaganda nurtures the obsessive fear of Communist insurrection and subversion prevailing in ASEAN countries, and increases the reluctance of the government of Indonesia to normalize diplomatic relations with the

People's Republic of China. It also enhances the credibility of those who argue that China is a greater threat to the ASEAN countries than Vietnam, and makes it possible for some interested parties to argue that, by sustaining Vietnam's capability to act as a buffer against China, the Soviet presence in Southeast Asia is beneficial to regional stability.

ASEAN political circles are sophisticated and they understand the dilemma facing the Chinese Communist Party: if it supports the clandestine Communist parties of Southeast Asia it creates obstacles to normal relations with the governments of the respective countries, but if it abandons those parties they may move into the Vietnamese-Soviet camp. Nevertheless, the prevailing view in ASEAN circles is that--although the clandestine Communist parties of Southeast Asia have nuisance value and can magnify the malaise prevailing in the region--their chances of coming to power by armed struggle or otherwise are nonexistent, their contribution to Vietnamese and Soviet influence in the region would be negligible, and China would gain more than it would lose from terminating assistance to these discredited and faction-ridden terrorist groups.

The important role that Overseas Chinese have in the economies of Southeast Asia creates additional obstacles to China's capacity to play a stabilizing role in the region. Frugal and hard-working, Southeast Asia's residents of Chinese descent have achieved relatively higher levels of prosperity than the majority of the population of the countries in which they live. They are consequently the target of envy and resentment by groups less successful in taking advantage of economic opportunities.

The total number of Southeast Asians who are ethnic Chinese is difficult to establish, especially as the lines are blurred between Chinese residents who are citizens of the PRC and local citizens of Chinese descent, between people who preserve Chinese cultural traditions and those who tend to assimilate, and between ethnically pure Chinese and those people who are the result of intermarriages. But out of a

total estimated population of 354 million for all of Southeast Asia in mid-1980, only about 5 percent, or some 17 million, should be viewed broadly, as Overseas Chinese.

Since about 1954 when, in the "spirit of Bandung" the Chinese Government attempted to improve relations with the "bourgeois nationalist" governments of Southeast Asia, the Chinese Communist Party has appealed to Overseas Chinese to transfer their allegiance to their country of residence, learn the local languages and assimilate culturally. The Chinese Government also decided to abandon the principle of dual nationality and treat Southeast Asian citizens of Chinese descent as alien nationals.

That policy proved difficult to implement as Overseas Chinese encountered difficulties in obtaining citizenship papers and especially when they became the victims of economic and social persecution as a minority group. China found it necessary to help Overseas Chinese to return to the motherland when, as happened in Indonesia in 1959, they were arbitrarily deprived of their means of livelihood as small traders in the countryside, or when they were forced to leave the Socialist Republic of Vietnam in 1978.

To cope with the influx of some 200,000 Chinese from Vietnam a new Overseas Chinese Affairs Office was established in Beijing in May 1978, reviving a similar agency abolished during the Cultural Revolution. Although that decision was justified by special circumstances, Chinese official protests against Vietnamese violations of human rights, followed by the February 1979 punitive military operations in the border area of North Vietnam, increased ASEAN apprehensions that China will continue to act as protector of Overseas Chinese, especially in future years when its power will have increased as the result of the "four modernizations." Such concerns are reinforced by China's appeal to Overseas Chinese to help the modernization of their motherland with their skills and capitals, and by the special treatment of foreign nationals of Chinese descent who visit the People's Republic.

Some ASEAN governments are also disturbed by potential conflicts with China resulting from offshore claims in the South China Sea. Ever since

Chinese forces attacked and captured in January 1974 the South Vietnamese garrison stationed in the Paracel Islands, the claims voiced by the Beijing government over the Spratly Archipelago, various other islands, banks, and reefs, as well as waters close to the coast of other littoral countries, have been viewed with concern by ASEAN governments. Chinese polemics, although primarily targeted against Vietnam, are disturbing to other littoral states as, for instance, the April 7, 1980, lengthy article in RENMIN RIBAO entitled "The Xisha (Paracel) and Nansha (Spratly) Islands Have Been Chinese Territory Since Ancient Times," which responded to a Vietnamese Foreign Ministry White Paper claiming sovereignty over the same islands.

As the South China Sea is a promising area for offshore oil and gas exploration, the Philippines, Malaysia, and Indonesia are understandably apprehensive that as China acquires modern weapons and especially a blue water navy she will exercise those offshore territorial claims which are currently only kept active by numerous publications invoking archaeological, historical, and legal arguments.

Beyond these specific issues, which changes in Chinese policy could handle, from a Southeast Asian perspective the most disturbing and worrisome prospects are the geopolitical and demographic realities of the region. In mid-1980, the total population of the five ASEAN countries was approximately 255 million, according to the Population Reference Bureau, while its estimate for China was 975 million, a 3.8 to 1.0 ratio in China's favor. By the year 2000, ASEAN's population may reach 388 million and China's 1,212 million. The latter figure, which is considered high in light of China's recently announced one-child family policy, would reduce the ratio to only 3.1 to 1.0.

In ASEAN circles this demographic disparity between the two regions is viewed as a potential long-term threat. The voluntary or forced exodus of "boat people" and other refugees has shown in the last three years that traditional border control methods can be nullified by mass migrations. ASEAN political elites fear that the dynamic Chinese people, supported by a resurgent government, might eventually dominate Southeast Asia, not

as the result of explicit political expansionism but by gradual demographic penetration which governments will be unable to stop. Needless to say, these fears are shared by the three Communist states of Indochina, the total population of which is about 63 million at present and will probably not exceed 96 million by the year 2000.

One must regretfully conclude that in Southeast Asia China is viewed both as a potential anchor for regional stability but also as a possible fountainhead of revolution, a threatening protector of Overseas Chinese, a territorial claimant to most of the South China Sea and its mineral resources, and as a potential source of large-scale mass migrations.

This paradox has generated in ASEAN official circles a major debate about national security strategies and tactics. Fear of China is not new in Southeast Asia. Chou Enlai understood this and attempted to assure Thailand and the Philippines, at the April 1955 Bandung Conference, that no aggressive preparations against them were under way. Indonesia was the first country in Southeast Asia to be offered a treaty to clarify the status of her Overseas Chinese. But the countries of Southeast Asia found at that time greater comfort in the belief that the United States was determined to contain Chinese expansion than in Beijing's assurances which were marred by a revolutionary declaratory policy. The train of events set in motion by the Nixon Doctrine changed Southeast Asian perceptions. Seen from the ASEAN capitals, the gradual emergence in the 1970s of a Sino-Japanese-American partnership involving active economic cooperation and, potentially, coordinated military plans to contain Soviet expansionism was not necessarily a welcome development, to all.

Thailand, as the frontline state directly threatened by the presence of 21 Vietnamese divisions in Kampuchea, uncertain of Hanoi's ultimate intentions and doubting the credibility of American security commitments after it had asked the U.S. forces to leave in 1976, chose to cultivate the Chinese connection as a short-term solution to its most pressing national security problem, namely the presence of Vietnamese forces on its eastern borders.

Singapore, distinguishing rationally between the clear and present threat of Soviet domination of the region and the remote possibility of an expansionist China in future decades, is strongly supporting Thailand in its policy of making the Vietnamese occupation of Kampuchea so costly to the governments in Hanoi and Moscow as to make them change course and accept a political solution leading to the neutralization of Kampuchea, and indirectly to the curtailment of Soviet influence in Southeast Asia.

The Vietnamese attack on Thai border areas on June 23, 1980, and intransigent statements by Hanoi officials that the situation they have created in Kampuchea is "irreversible" has compelled the other ASEAN governments to close ranks behind Thailand and demonstrate their political solidarity against Soviet-supported Vietnamese aggression. But, while maintaining publicly the official ASEAN position, Indonesian and Malaysian diplomacy have apparently been exploring ways to concede to Vietnam a dominant role in Indochina and even to allow the Soviet Union to play a balancing role against China if this could be achieved without condoning the Vietnamese military occupation of Kampuchea and the provocative deployment of Soviet forces at Camranh Bay, Danang, Kompong Som and elsewhere in the region.

To understand the perspective of Indonesian and Malaysian strategic planners, which may be shared by some of their colleagues in the Philippines and even Thailand, it is useful to keep in mind that, unlike China, the Soviet Union is perceived as geographically remote and therefore potentially less threatening. No "Overseas Russians" live in Southeast Asia to invoke the protection of their motherland. Furthermore, although all ASEAN countries have experienced armed insurrection and political subversion, their clandestine Communist parties are Maoist.

Although the deployment of Soviet military forces in Southeast Asia is not welcome in ASEAN circles, as illustrated by their refusal in late 1979 to accept port calls by the Soviet Navy, Soviet expansionism is not arousing genuine anxiety in the region, even after the invasion of Afghanistan. Unless the United States reestablishes its credibility as

a military superpower determined to guarantee and protect political stability in Southeast Asia, and China finds ways to clear away the complex fears that it arouses in the region, the Soviet Union could achieve substantial strategic and geopolitical advances in the 1980s, by extending its influence beyond Indochina into some of the ASEAN countries.

The exodus of refugees from Indochina and the Vietnamese invasion of Kampuchea have strengthened the political solidarity between the five conservative governments in Bangkok, Jakarta, Kuala Lumpur, Manila, and Singapore. How deep-rooted these regional ties are remains to be seen. Changes of government will occur almost certainly in all five countries in the 1980s and the international orientation of the next generation of leaders is not entirely predictable, especially in Indonesia and the Philippines, where the present authoritarian regimes may face serious transition crises in the next few years.

The need for strengthening national and regional resilience is well understood by the ASEAN governments as an indispensable condition for resisting political pressures by external powers. Consequently, economic development is viewed as a means not only to enhance the welfare of the population but also to consolidate national independence and regional stability.

Economic cooperation within ASEAN and with the rest of the world is more difficult to achieve than political cooperation. Despite the pledges made at the 1976 Bali Summit, Indonesia has only been able to provide limited energy assistance to the Philippines and Thailand which face increasingly serious balance of payments problems as the result of the 1979-1980 round of price increases for petroleum products. In October 1980, the Philippines received only about 20,000 barrels of crude oil daily from Indonesia and Thailand only about 10,000 barrels of crude oil daily. Instead, Indonesia promised to lobby on ASEAN's behalf for more oil from OPEC sources outside Southeast Asia.

The Tenth ASEAN Economic Ministers' Meeting, held in Bangkok in October 1980, concluded that progress toward Preferential Trading

Arrangements had been slow. Pressures to maintain tariff walls erected to protect domestic industries remained strong. Although some 5825 products have been selected to enjoy lower import duties in intra-ASEAN trading, this will not result in a dramatic upswing in trade between the five countries, which is now about 15 percent of their total foreign trade.

The ASEAN Industrial Projects has also advanced very slowly. Considerable unhappiness prevailed among ASEAN Industry Ministers at their meeting in Bali in September 1980 about the conditions set by Japan for making available credits of \$1 billion for the ASEAN Industrial Projects, promised in the summer of 1977 by Prime Minister Fukuda. The rule for mandatory participation by all five countries in these ASEAN projects also proved to be an obstacle rather than an incentive, as not all five countries had the same interest in a particular project. The "industrial complementation scheme" for a motor vehicles industry serving the ASEAN market was also advancing cautiously six years after it had been initiated, as division of labor proved difficult to agree upon within the private sector unless the governments were willing to step in and protect it from competition.

On the world economic scene ASEAN has gained diplomatic recognition as a distinct entity through a series of ministerial dialogues with the United States, Japan, the European Economic Community and Australia, and as a significant voice in the protracted North-South dialogue. But the ASEAN countries are still facing protectionist obstacles which slow down their industrial development and aggravate the balance of payment difficulties generated by their food, energy, and capital goods import requirements.

Lack of success of their efforts to assist the establishment of a New International Economic Order is making most ASEAN government leaders reluctant to endorse proposals for a Pacific Community, originating in Japan, the United States, and Australia. They fear that efforts for the implementation of that vaguely defined concept might further detract both

from the slow progress of economic cooperation within ASEAN and from the broader-based Third World campaign for a more equitable international economic system.

In conclusion, it appears that despite the progress achieved by ASEAN since 1976 in creating an institutional framework for regional cooperation, the military, political, and economic threats facing these five Southeast Asian countries in the 1980s will be great and may indeed exceed their resilience, unless their efforts are supported boldly, imaginatively, and constructively by the United States, Japan, China, and the European Economic Community, all of which have considerable interests in consolidating stability in Southeast Asia, as one important regional component of the prevailing global order.

October 31, 1980

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